

Forest land in Washington provides year-round recreation opportunities.  
Photo courtesy Okanogan County Tourism Council.

*Diverse  
Washington  
co-ops show  
business model  
flexibility*

# From Forest



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**A** number of innovative cooperatives have been formed or expanded in Washington state in recent years to meet widely divergent needs, ranging from those of forest landowners to the fishing industry. Working with these co-ops and producer-owned businesses is USDA Rural Development and its frequent partner, the Northwest Center for Cooperative Development (NWCDC).

“In the Northwest, we have a very large and growing interest in co-ops,” explains Diane Gasaway, executive director of the Center. “Our goal in recent years has been to build up our abilities and capacity to deliver quality assistance in areas such as feasibility studies and board training.”

NWCDC has been helping people in Washington and the Pacific Northwest since 1979. The staff provides a wide variety of in-house experience and expertise, including financial, organizational, co-op development, business, educational and project management, or a combination of the above.

Jon DeVaney, USDA Rural Development state director for Washington, says, “USDA Rural Development is bringing a variety of tools to the task of supporting agricultural and rural cooperatives in Washington. By combining direct technical assistance from Rural Development staff, ongoing support for the NWCDC and project-specific financial assistance through our Business and Cooperative Programs, we have been able to leverage these resources to the benefit of rural Washington residents.”

Following are some examples of co-ops NWCDC and USDA have helped.

### **Methow Forest Owners Cooperative**

This is a co-op of small-scale forest landowners in rural north-central Washington, near the communities of Winthrop and Twisp. The co-op was created to provide a coordinated effort to help small-scale forest owners promote forest health while managing risk of impact from wildfires.

The co-op, which started with eight members but now counts 60, provides services such as thinning crews, preferred logging contractors and consultations with a contract forester, all at discounted prices. Becoming a member entitles the landowner to a free initial two-hour consultation with a forester.

# To Ocean



*Salmon harvested by a co-op on the Makah Indian Reservation are ready for processing.  
Photo courtesy Cape Flattery Fishermen's Co-op*

Creating a market for small-diameter timber is a major challenge in rural Northwest communities. The co-op is assisting its members with market access to wood flooring manufacturers for small-diameter Douglas fir.

Many absentee landowners live along the coast and west of the Cascade Range. Most do not actively manage their forest land, and even locating and contacting them can be a challenge. To help, the co-op has developed a database of landowners in the region which it is using to educate landowners about the importance of promoting forest health.

The forest co-op has partnered with local community and economic development organizations, including the USDA Forest Service, Washington State Department of Natural Resources, Methow Fire Planning Group, Sustainable Northwest, Okanogan Conservation District and Okanogan Communities Development Council. Local communities benefit from the reduced fire hazard, improved forest health and forest restoration.

NWCDC provided funding for the creation of the steering committee, completion of the feasibility study and development of a business plan. It is presently supporting a public outreach and education campaign.

“The cooperation of private landowners has been integral to coordinate ecosystem restoration, fire safety, energy

security, and community development,” says Lorah Waters, general manager of the co-op.

### **Last Mile Electric Cooperative**

NWCDC worked closely with the Last Mile Electric Co-op to organize stakeholders, develop a board and provide assistance for an initial manager and administration. Members include utility companies, electric cooperatives, nonprofit organizations and government agencies. The mission of the co-op is to provide affordable, reliable, renewable, cost-based electricity to rural and urban customers.

The co-op focuses on: (1) developing small farm and community-sized wind projects; (2) assisting members in researching possible renewable energy projects and (3) developing utility-scale electric projects by and for Last Mile members.

Members of the co-op have formed White Creek LLC to develop an initial 200 megawatt, utility-scale wind project in Roosevelt, Wash., on the Columbia River. Currently under construction, this project will be the largest publicly owned wind project in the country. The project currently anticipates that 100-200 megawatts will be on-line in 2007. An additional 100 megawatts have been sited and will be

developed when commercially feasible.

Dave Warren, the original Last Mile manager, explains, “There have been some bumps in the road, but Last Mile is a great model for large and small utilities to work together on renewable energy projects.”

### **Okanogan Producers Marketing Assoc.**

Located in north-central Washington, this cooperative includes six family-owned fruit and vegetable farms. The co-op enables these farmers to market their produce collectively to mid-sized grocery chains, CSA customers in Seattle and Spokane and a farmers’ market in Des Moines, Wash. (between Tacoma and Seattle).

The farmers’ market was a demonstration project for Farming and the Environment, a Seattle based nonprofit organization. During the growing season, two members take the co-op’s produce to the farmers market every Saturday, allowing the other members to continue working their farms.

“We are hoping to do more marketing at roadside stands for the local community and tourism,” says co-op member Tom Cloud. “If we want food to be available locally, farmers have to stay in business.”

NWCDC conducted a feasibility study and business plan with input and local research provided by the steering committee and membership. The success of the co-op is credited with saving one family farm, and improving the income of the other members.

### **Value-Added Projects**

USDA Rural Development’s Value-Added Producer Grant program has also played a vital role in promoting co-op and other producer-owned efforts to increase the value of Washington’s farm, forest and aquatic resources. Following are some examples of how those funds are used.

### **AMF Farms**

AMF Farms in Burlington, Wash., used a USDA Value-Added Producer Grant in 2005 to conduct a feasibility study and business plan for branded produce. Co-founders Michele Youngquist and Liz Mitchell had previously developed their signature Pumpkin Patch Pals. They also created a “Fruit Deco” process, a proprietary process used to emboss a variety of fruits and vegetables with various edible logos, slogans and other designs.

The “pals” are a vibrant crew of individually hand-



*Selective thinning and other forest management practices espoused by the Methow Forest Owners Co-op (MFOC) are helping to improve forest vigor, as on this member’s land.  
Photo courtesy MFOC*

## **USDA programs support co-op development, expansion**

Assistance rendered to the co-ops and producer-owned businesses profiled in this article have benefited from three programs administered, or supported, by USDA Rural Development.

- The Value-Added Producer Grant Program (VAPG), administered by USDA Rural Development, provides funds for business planning activities, including feasibility studies and business plans as well as working capital for marketing value-added, agricultural products and farm-based renewable energy.
- The Northwest Cooperative Development Center (NWCDC) is a nonprofit organization funded by the USDA’s Rural Cooperative Development Grant (RCDG) program to foster community economic development, primarily through cooperative development.
- USDA cooperative development specialists provide in-house expertise for grassroots technical assistance, as well as informed input and oversight into both the RCDG and VAPG programs. ■

decorated, painted mini-pumpkins with happy character faces. Over the years, the Pumpkin Patch Pals have been successfully marketed throughout the United States, Canada and even several Pacific Rim countries.

USDA funding enabled AMF Farms to expand its promotion to apples, pears and other fruit. These produce items are marketed under the Farm Fresh Palz. A website and promotional video were created to market fresh produce to children, parents, and teachers. A marketing relationship with Haggen Food and Pharmacy, a local grocery chain, resulted in increased sales and revenue. An in-store consumer survey



*Tribal membership is required to join the Cape Flattery Fishermen's Co-op, which now has about 30 members. Photo courtesy Cape Flattery Fishermen's Co-op*

showed positive reactions from parents of young children and teachers.

AMF Farms recently started a pilot project offering free fruit and vegetable snacks to elementary school students in Skagit County, Wash. Local businesses are sponsoring the project, which will provide a snack once a week to around 5,500 children. "Children are facing serious nutritional problems and being bombarded with influence from all directions," says Michele Youngquist. "Farm Fresh Palz will provide children an alternative snack option, as well as create nutrition awareness."

### **The Cape Flattery Fishermen's Cooperative**

This fishery co-op received a Value-Added Producer Grant in 2006 to expand operations and improve its efficiency. The co-op, located on the Makah Indian Reservation at the westernmost tip of the Olympic Peninsula, started with seven members, but has since grown to about 30 members. Tribal membership is required to join the co-op.

The co-op also buys fish directly from about 30 non-member fishermen, depending on availability of fish and market demand. Salmon, flounder, sole, halibut and cod are

dressed, boxed, iced and sold to four or five regional processors.

Before the co-op existed, the processors did not have to compete for the harvested fish. The fishermen were price takers and not price makers. The Cape Flattery co-op has given the fishermen more control over their catch and prices. In 2005, fishery co-op sales hit \$1 million. In 2006, sales soared to \$2.5 million.

The co-op also sells fillets to local restaurants, although more for the benefit of the Makah Tribal community than the bottom line of the co-op or the fishermen. "You can't get fish any fresher, unless it is still swimming," says Fred Cross, general manager, with a smile.

These are just a few examples of co-ops and other producer-owned businesses helped by USDA Rural Development and the NWCDC.

USDA/RD co-op development specialist John Brugger has played a major role in the growth of co-ops in Washington. In addition to some of the co-ops mentioned above, he has also worked with: the Sequim Lavender Growers Cooperative; Northwest Berry Cooperative; San Juan Island Energy Cooperative; North Country People's Cooperative; Madison Market Food Cooperative; Mountain Community Cooperative; a

community-based anaerobic digester and a community kitchen. He was also on the NWCDC advisory board.

Brugger recently moved on to become USDA/RD's director for the Community and Facilities Program in Oregon, but the fruits of his work will continue to benefit the people of Washington for many years to come.

#### **Partners Contact Information:**

- USDA Rural Development: [www.rurdev.usda.gov](http://www.rurdev.usda.gov);
- Northwest Cooperative Development Center: [www.nwcddc.coop](http://www.nwcddc.coop);
- Last Mile Electric Cooperative: [www.last-mile-electric-coop.org](http://www.last-mile-electric-coop.org);
- Methow Forest Owners Cooperative: [www.okanogan1.com/forest/aboutus.html](http://www.okanogan1.com/forest/aboutus.html);
- AMF Farms: [www.farmfreshpalz.com](http://www.farmfreshpalz.com); and [www.pumpkinpatchpals.com](http://www.pumpkinpatchpals.com);
- Cape Flattery Fishermen's Cooperative: [capeflattery@centurytel.net](mailto:capeflattery@centurytel.net).

